

FY 2005-06 BUDGET

BUDGET SECTION SUMMARY

Section Title:

RUSSIAN RIVER COUNTY SANITATION DISTRICT
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A. Program Description

This budget finances operation, maintenance, and administration of a collection system, pumping stations, a treatment plant, and disposal facilities which serve the Russian River area.

B. Financial Summary

Section	GROSS EXPENDITURES			NET COST/USE OF FUND BALANCE		
	FY 04-05 Adopted	FY 05-06 Requested	Percent Change	FY 04-05 Adopted	FY 05-06 Requested	Percent Change
Operations	\$3,227,800	\$3,485,700	7.99%	\$764,167	\$888,082	16.22%
Bonds	84,800	80,552	(5.01%)	(70,700)	(75,448)	6.72%
Revenue Bonds	64,750	62,000	(4.25%)	(60,000)	(58,000)	(3.33%)
Construction	1,880,000	3,197,250	70.07%	1,462,750	2,924,250	99.91%
TOTAL:	\$5,257,350	\$6,825,502	29.83%	\$2,096,217	\$3,678,884	75.50%

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 03-04 Actual	FY 04-05 Budget Estimate	FY 04-05 Revised Estimate	FY 05-06 Projected	Change from FY 04-05 Budget Estimate
TOTAL ESDs	3,138	3,145	3,147	3,152	0.22%
TOTAL APNs	3,321	3,321	3,330	3,330	0.27%

E. Summary of Issues and Significant Changes

The requested rate per ESD for FY 05-06 annual service charges is \$861, representing a 5.5% increase from FY 04-05. Annual sewer service charge revenue, adjusted for the anticipated number of ESDs and an estimated delinquency factor, is projected to increase from the FY 04-05 budget. This revenue change is primarily due to the rate increase.

The Russian River CSD treatment plant was completed in September 1980 and began operating in 1982. The district has recently expanded the treatment plant to increase its capacity to treat wastewater flows during flood conditions in the District's service area.

The Russian River CSD irrigates approximately 20 acres of forest area adjacent to the treatment plant (referred to as the Burch property) and approximately 40 acres of the Northwood Golf Course. The Northwood Golf Course has not been able to achieve the disposal rate which was expected when the treatment plant was constructed. As a result, increased irrigation has been required at the Burch property.

The requested rates should provide the funds necessary to operate and maintain the Russian River CSD's collection system, treatment plant, and reclamation system. In addition to the funds needed for the ongoing operation of wastewater treatment and disposal facilities, funds are necessary for the replacement of aging infrastructure. At the Russian River CSD, rates are being increased at rates above inflation to provide funding for the replacement of aging infrastructure.

F. Summary of Reduction Options

No reduction options are proposed.

G. Attachments

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

FY 2005-06 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: RUSSIAN RIVER CSD - OPERATIONS
Section/Index No: 652107

Sub-Object No. and Title	Adopted 2004-05	Requested 2005-06	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
1001 Flat Charges - CY	\$2,296,469	\$2,405,290	\$108,821	4.74%
1007 Flat Charges - CY Secured	6,000	6,000	0	0.00%
1061 Flat Charges - PY	100,000	100,000	0	0.00%
1120 Penalties / Costs on Taxes	15,000	15,000	0	0.00%
Subtotal Taxes	\$2,417,469	\$2,526,290	\$108,821	4.50%
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$22,500	\$30,000	\$7,500	33.33%
Subtotal Use of Money	\$22,500	\$30,000	\$7,500	33.33%
<u>CHARGES FOR SERVICES</u>				
3400 Sanitation Services	\$23,664	\$41,328	\$17,664	74.65%
Subtotal Charges for Services	\$23,664	\$41,328	\$17,664	74.65%
TOTAL REVENUES	\$2,463,633	\$2,597,618	\$133,985	5.44%

EXPENDITURES:

SERVICES AND SUPPLIES

6040 Communications	\$25,000	\$25,000	\$0	0.00%
6180 Maintenance - Bldgs / Impr	125,000	125,000	0	0.00%
6262 Lab Supplies	5,000	5,000	0	0.00%
6521 County Services	1,800	1,800	0	0.00%
6522 District Services	1,150,000	1,350,000	200,000	17.39%
6570 Consultant Services	0	0	0	N/A
6573 Administration Costs	22,000	24,000	2,000	9.09%
6610 Legal Services	20,000	40,000	20,000	100.00%
6630 Audit / Accounting Services	10,500	16,000	5,500	52.38%
7212 Chemicals	30,000	40,000	10,000	33.33%
7217 State Permits / Fees	80,000	40,000	(40,000)	(50.00%)
7247 Water Conservation	0	0	0	N/A
7320 Utilities	220,000	200,000	(20,000)	(9.09%)
Subtotal Services and Supplies	\$1,689,300	\$1,866,800	\$177,500	10.51%

Sub-Object No. and Title	Adopted 2004-05	Requested 2005-06	Difference	Percent Change
<u>OTHER CHARGES</u>				
7930 Interest - LT Debt	\$0	\$131,400	\$131,400	N/A
7980 Depreciation	900,000	1,050,000	150,000	16.67%
<i>Subtotal Other Charges</i>	\$900,000	\$1,181,400	\$281,400	31.27%
<u>FIXED ASSETS</u>				
8510 Buildings / Improvements	\$0	\$0	\$0	N/A
8560 Equipment	0	0	0	N/A
<i>Subtotal Fixed Assets</i>	\$0	\$0	\$0	N/A
<u>OTHER FINANCING USES</u>				
8625 OT - W/in Special Dist - BOS	\$524,500	\$377,500	(\$147,000)	(28.03%)
<i>Subtotal Other Financing Uses</i>	\$524,500	\$377,500	(\$147,000)	(28.03%)
<u>APPROPRIATIONS FOR CONT</u>				
9000 Approp for Contingencies	\$50,000	\$60,000	\$10,000	20.00%
<i>Subtotal Approp for Contingencies</i>	\$50,000	\$60,000	\$10,000	20.00%
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
9200 Ent - Principal	\$204,000	\$171,655	(\$32,345)	(15.86%)
9209 Ent - Principal Clearing	(204,000)	(171,655)	32,345	(15.86%)
9210 Advances	66,000	66,000	0	0.00%
9219 Advances - Clearing	(66,000)	(66,000)	0	0.00%
<i>Subtotal Administrative Control</i>	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES	\$3,163,800	\$3,485,700	\$321,900	10.17%
TOTAL NET COST				
<i>(Expenditures Minus Revenues)</i>				
	\$700,167	\$888,082	\$187,915	26.84%

FY 2005-06 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Russian River CSD - Operations

Character Title: Taxes **Character No.:** 652107-10

1001 Flat Charges - CY

Flat charge revenue from annual service charges is expected to increase from the adopted FY 04-05 budget. The rate will increase 5.5%, from \$816 to \$861.

ESDs times annual rate:	3,104 x \$861	\$2,672,544
Less Estimated Delinquency Factor:	10%	(267,254)
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		\$2,405,290

(See SubObject 3400 for Total ESDs)

1007 Flat Charges - CY Secured

This item records the Flat Charges-Current Year Secured.

1061 Flat Charges - PY

This item records the estimated delinquent amount of prior years sewer service charges.

1120 Penalties/Costs on Taxes

This item records penalties paid on delinquent sewer service charges.

Character Title: Use of Money **Character No.:** 652107-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$1,200,000
Projected Interest Rate	2.50%
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Projected/Planned Interest on Pooled Cash	\$30,000

Character Title: Charges for Services **Character No.:** 652107-30

3400 Sanitation Services

This account records annual sewer service charges for entities that are invoiced, rather than collected as flat charges on the tax roll, and for new hook-ups as they occur during the year. The Sanitation Rate Ordinance requires that charges be collected at the time permits are issued. The properties are then added to the tax roll master listing and collected through sub-object 1001, Flat Charges, in the following year.

Based on projected FY 05-06 ESDs, the District will experience an increase in revenue from invoiced entities. The budgeted revenue reflects an increase in the annual sewer service charge from \$816 to \$861.

ESDs x Annual Charge	48 x \$861	=	\$41,328
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6040 Communications

This account records expenses paid by the District for outside communication and wireless services.

6180 Maintenance - Bldgs / Impr

This account records the cost of parts and materials required to maintain the collection system and treatment facilities.

6262 Laboratory Supplies

This account records the cost of lab supplies required for testing and monitoring wastewater.

6521 County Services

This item represents an estimate from the Auditor's office for the FY 05-06 expense for the audit of the previous fiscal year.

6522 District Services

This account records the cost of labor and overhead required for operation and maintenance of the District's facilities and equipment, as well as other related service and supply items. The increase in the requested budget more accurately reflects actual expenses in this account.

6570 Consultant Services

There are no planned consultant services for FY 05-06.

6573 Administration Costs

This account represents the 1% administration fee assessed by the County for processing collection of flat charges on the tax roll.

6610 Legal Services

This item is requested to provide funds for the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required.

6630 Audit / Accounting Services

This item records the direct allocation of Auditor-Controller Fiscal Services staff costs for time expected to be spent on District accounting.

7212 Chemicals

This account records the cost of chemicals required for operation of the treatment plant in accordance with the District's NPDES permit, as required by the State Water Quality Control Board.

7217 State Permits / Fees

This account records the cost of obtaining the District's permits related to NPDES, as mandated by the Regional Water Quality Control Board.

7247 Water Conservation

There are no planned water conservation programs for FY 05-06.

7320 Utilities

This account records the cost of utilities, such as gas, electricity, and water.

Character Title: Other Charges Character No.: 652107-75

7930 Interest LT Debt

This account reflects the interest expense for the State Revolving Loan.

7980 Depreciation

Generally Accepted Accounting Principles require that depreciation be expensed each year.

Character Title: Fixed Assets Character No.: 652107-85

8510 Buildings / Improvements

There are no Buildings / Improvements projects planned for FY 05-06.

8560 Equipment

No expenditures for equipment are planned for the forthcoming year.

Character Title: Other Financing Uses Character No.: 652107-86

8625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Revenue Bond Fund to cover principal and interest payments, as well as to the Construction Fund to finance the Capital Replacement Program and Wastewater Capital Reserve fund required by the State Revolving Fund loan received February 2004. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer to the Construction Fund will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

Transfer to Revenue Bond Fund	\$117,000
Transfer to Construction Fund (Capital Replacement)	240,000
Transfer to Construction Fund (Wastewater Capital Reserve Fund)*	20,500
Total Operating Transfer	<u>\$377,500</u>

*Transfers to the Construction Fund to Finance the Wastewater Capital Reserve Fund began in FY 04-05 and continue until FY 13-14.

Character Title: Appropriations for Contingencies Character No.: 652107-90

9000 Appropriations for Contingencies

This account provides funding for unanticipated expenditures or revenue shortfalls.

9200 Ent - Principal

This account reflects the principle expense for the State Revolving Loan.

9209 Ent - Principal Clearing

This is the clearing account for subobject 9200, Ent - Principal.

9210 Advances

This account reflects increment payments to the County General Fund on a long term, interest free loan received for operating purposes (and not supported by EPA grant reimbursement). Annually, the District is required to repay \$66,000 on this outstanding loan. The loan balance on July 1, 2003 was \$284,153. Subtracting the annual payment of \$66,000, the outstanding loan balance on July 1, 2005 will be \$218,153.

9219 Advances - Clearing

This is the clearing account for sub-object 9210, Advances.

FY 2005-06 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Russian River CSD - Operations
Index No.: 652107

DESCRIPTION OF FUND ACTIVITY	Actual FY 03-04	Estimated FY 04-05	Requested FY 05-06
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings Available for Budgeting (See Detailed Components Below)	\$975,716	\$1,255,752	\$1,417,029
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	2,501,926	2,462,120	2,597,618
Expenditures - (Decrease) retained earnings	(3,042,327)	(3,168,617)	(3,485,700)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	(540,401)	(706,497)	(888,082)
Adjustments to Reserves/Encumbrances:			
7980 Depreciation	894,261	896,783	1,050,000
9210 Advances (to County General Fund)	(66,000)	(66,000)	(66,000)
9200 Ent - Principal Payments	-	-	(171,655)
PY Encumbrance	-	36,991	-
Adjustment -PY Payable	-	-	-
Net Change in Encumbrance	(7,824)	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	820,437	867,774	812,345
Undesignated/Unreserved <u>ENDING</u> Retained Earnings Available for Budgeting	\$1,255,752	\$1,417,029	\$1,341,292
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	\$280,036	\$161,277	(\$75,737)

Retained Earnings Components at Beginning of FY

7/1/03

7/1/04

FY 2005-06 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: RUSSIAN RIVER CSD - REVENUE BONDS

Section/Index No: 652214

Sub-Object No. and Title	Adopted 2004-05	Requested 2005-06	Difference	Percent Change
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REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$5,000	\$3,000	(\$2,000)	(40.00%)
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Subtotal Use of Money	\$5,000	\$3,000	(\$2,000)	(40.00%)
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OTHER FINANCING SOURCES

4625 OT - Within Spec Dist BOS	\$119,750	\$117,000	(\$2,750)	(2.30%)
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Subtotal Use of Money	\$119,750	\$117,000	(\$2,750)	(2.30%)
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TOTAL REVENUES	\$124,750	\$120,000	(\$4,750)	(3.81%)
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EXPENDITURES:

OTHER CHARGES

7920 Interest	\$64,750	\$62,000	(\$2,750)	(4.25%)
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Subtotal Other Charges	\$64,750	\$62,000	(\$2,750)	(4.25%)
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ADMINISTRATIVE CONTROL ACCOUNT

9200 Ent - Principal	\$55,000	\$55,000	\$0	0.00%
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9209 Ent - Principal Clearing	(55,000)	(55,000)	0	0.00%
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Subtotal Administrative Control	\$0	\$0	\$0	N/A
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TOTAL EXPENDITURES	\$64,750	\$62,000	(\$2,750)	(4.25%)
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TOTAL NET COST	(\$60,000)	(\$58,000)	\$2,000	(3.33%)
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(Expenditures Minus Revenues)

FY 2005-06 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Russian River CSD - Revenue Bonds

Character Title: Use of Money **Character No.:** 652214-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$120,000
Projected Interest Rate	<u>2.50%</u>
Projected/Planned Interest on Pooled Cash	\$3,000

Character Title: Other Financing Sources **Character No.:** 652214-46

4625 OT - W/in Special Dist - BOS

The revenues supporting the revenue bond are collected in the Operations Fund. This account reflects the transfer of cash from Operations to the Revenue Bond Fund to cover the annual principal and interest payment.

Character Title: Other Charges **Character No.:** 652214-75

7920 Interest

This account reflects the interest expense on the outstanding revenue bonds. The interest rate is 5.0%. Payments began April 1, 1982 and will continue semi-annually until April 1, 2020. The FY 05-06 request is based on the bond amortization schedule prepared at the time the bonds were sold.

Character Title: Administrative Control Account **Character No.:** 652214-92

9200 Ent - Principal

This account reflects the principal expense for the revenue bonds that were issued in 1981. Payments on the bonds will continue until April 1, 2020. The FY 05-06 request is based on the bond amortization schedule prepared at the time the bonds were sold.

The following reflects the bond principal payment history to date:

Original Amount of the Revenue Bond Issue:	\$2,000,000
Total FY 82-83 through FY 03-04 Principal Payments:	(705,000)
FY 04-05 Principal Payment:	<u>(55,000)</u>
Outstanding Bond Amount 6/30/04	\$1,240,000

9209 Ent - Principal Clearing

This is the clearing account for sub-object 9200, Ent - Principal.

FY 2005-06 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Russian River CSD - Revenue Bonds
Index No.: 652214

DESCRIPTION OF FUND ACTIVITY	Actual FY 03-04	Estimated FY 04-05	Requested FY 05-06
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$213,697	\$218,136	\$224,826
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	126,064	126,440	120,000
Expenditures - (Decrease) retained earnings	(66,625)	(64,750)	(62,000)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	<u>59,439</u>	<u>61,690</u>	<u>58,000</u>
Adjustments to Reserves/Encumbrances:			
9200 Ent - Principal	(50,000)	(55,000)	(55,000)
Mature Bonds Payable	<u>(5,000)</u>	<u>-</u>	<u>-</u>
Net Adjustment - Increase/(Decrease) to Retained Earnings	<u>(55,000)</u>	<u>(55,000)</u>	<u>(55,000)</u>
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$218,136	\$224,826	\$227,826
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	\$4,439	\$6,690	\$3,000
 <u>Retained Earnings Components at Beginning of FY</u>	 <u>7/1/03</u>	 <u>7/1/04</u>	
Cash	\$279,185	\$288,119	
Other Receivables-Flat Charges	1,324	1,204	
Revenue Bonds Payable (Current)	(16,812)	(16,187)	
Interest Payable	(50,000)	(55,000)	
Total Beginning Retained Earnings	<u>\$213,697</u>	<u>\$218,136</u>	

FY 2005-06 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: RUSSIAN RIVER CSD - BONDS

Section/Index No: 652206

Sub-Object No. and Title	Adopted 2004-05	Requested 2005-06	Difference	Percent Change
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REVENUES:

TAXES

1000 Prop Taxes - CY Secured	\$150,000	\$150,000	\$0	0.00%
1020 Prop Taxes - CY Supplemental	1,500	1,500	0	0.00%
1040 Prop Taxes - CY Unsecured	1,000	1,000	0	0.00%

Subtotal Taxes	\$152,500	\$152,500	\$0	0.00%
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USE OF MONEY

1700 Interest on Pooled Cash	\$3,000	\$3,500	\$500	16.67%
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Subtotal Use of Money	\$3,000	\$3,500	\$500	16.67%
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TOTAL REVENUES	\$155,500	\$156,000	\$500	0.32%
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EXPENDITURES:

SERVICES AND SUPPLIES

6635 Fiscal Agent Fees	\$50	\$52	\$2	4.00%
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Subtotal Services and Supplies	\$50	\$52	\$2	4.00%
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OTHER CHARGES

7920 Interest	\$84,750	\$80,500	(\$4,250)	(5.01%)
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Subtotal Other Charges	\$84,750	\$80,500	(\$4,250)	(5.01%)
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ADMINISTRATIVE CONTROL ACCOUNT

9200 Ent - Principal	\$85,000	\$90,000	\$5,000	5.88%
9209 Ent - Principal Clearing	(85,000)	(90,000)	(5,000)	5.88%

Subtotal Administrative Control	\$0	\$0	\$0	N/A
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TOTAL EXPENDITURES	\$84,800	\$80,552	(\$4,248)	(5.01%)
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TOTAL NET COST	(\$70,700)	(\$75,448)	(\$4,748)	6.72%
<i>(Expenditures Minus Revenues)</i>				

FY 2005-06 BUDGET

CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Russian River CSD - Bonds

Character Title: Taxes

Character No.: 652206-10

1000 Prop Taxes - CY Secured

The Auditor-Controller establishes a tax rate sufficient to accumulate tax revenues necessary to make bond payments of interest and principal. The bonds were passed to fund construction of sewage facilities.

1020 Prop Taxes - CY Supplemental

The amount requested for property tax revenue is based on prior year actuals and current year estimates from the Auditor-Controller's office.

1040 Prop Taxes - CY Unsecured

The amount requested for property tax revenue is based on prior year actuals and current year estimates from the Auditor-Controller's office.

Note: The FY 05-06 bond payment amount (principal and interest) is \$170,500. To avoid major fluctuations in the tax rate from year to year, the tax amount budgeted and/or collected each year may not correspond exactly to the annual bond payment (P&I). Over or under collection in any single year (when compared to the bond payment for that year) merely increases or decreases the fund balance retained in this index. The Auditor's long term tax rate calculations are designed to ensure that debt service obligations are met, while retaining an appropriate level of fund balance, and minimizing unnecessary tax rate fluctuations.

Character Title: Use of Money

Character No.: 652206-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$140,000
Projected Interest Rate	<u>2.50%</u>
Projected/Planned Interest on Pooled Cash	\$3,500

Character Title: Services and Supplies

Character No.: 652206-60

6635 Fiscal Agent Fees

This account records the fee collected by the County Treasurer for acting as the fiscal agent.

7920 Interest

This account reflects the interest expense on the outstanding general obligation bonds. The interest rate is 5.0%. Payments began July 1, 1980 and will continue semi-annually until July 1, 2018. The FY 05-06 request is based on the bond amortization schedule prepared at the time the bonds were sold.

9200 Ent - Principal

This account reflects the principal expense for general obligation bonds that were issued in 1979 to finance the local share of a wastewater collection system. Payments on the bonds will continue until July 1, 2018. The FY 05-06 request is based on the bond amortization schedule prepared at the time the bonds were sold.

The following reflects the bond principal payment history to date:

Original amount of the General Obligation Bond Issue:	\$2,900,000
Total FY 80-81 through FY 03-04 Principal Payments:	(1,205,000)
FY 04-05 Principal Payment:	<u>(85,000)</u>
Outstanding Bond Amount 6/30/05	\$1,610,000

9209 Ent - Principal Clearing

This is the clearing account for sub-object 9200, Ent - Principal.

FY 2005-06 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Russian River CSD - Bonds
Index No.: 652206

DESCRIPTION OF FUND ACTIVITY	Actual FY 03-04	Estimated FY 04-05	Requested FY 05-06
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$149,820	\$113,251	\$104,489
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	137,481	161,038	156,000
Expenditures - (Decrease) retained earnings	(89,050)	(84,800)	(80,552)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	48,431	76,238	75,448
Adjustments to Reserves/Encumbrances:			
9200 Enterprise Principal	(85,000)	(85,000)	(90,000)
Net Adjustment - Increase/(Decrease) to Retained Earnings	(85,000)	(85,000)	(90,000)
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$113,251	\$104,489	\$89,937
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	(\$36,569)	(\$8,762)	(\$14,552)
 <u>Retained Earnings Components at Beginning of FY</u>	<u>7/1/03</u>	<u>7/1/04</u>	
Cash	\$149,820	\$113,251	
Total Beginning Retained Earnings	\$149,820	\$113,251	

FY 2005-06 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: RUSSIAN RIVER CSD - CONSTRUCTION

Section/Index No: 652305

Sub-Object No. and Title	Adopted 2004-05	Requested 2005-06	Difference	Percent Change
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REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$12,500	\$12,500	\$0	0.00%
Subtotal Use of Money	\$12,500	\$12,500	\$0	0.00%

ADMINISTRATIVE CONTROL

4200 ENT - LTD Proceeds	\$0	\$2,000,000	\$2,000,000	N/A
4209 ENT - LTD Proceeds - Clearing	0	(2,000,000)	(2,000,000)	N/A
4220 Contributed Capital	0	0	0	N/A
4229 Contributed Capital - Clearing	0	0	0	N/A
Subtotal Other Financing Sources	\$0	\$0	\$0	N/A

OTHER FINANCING SOURCES

4625 OT - W/in Special Dist - BOS	\$404,750	\$260,500	(\$144,250)	(35.64%)
Subtotal Other Financing Sources	\$404,750	\$260,500	(\$144,250)	(35.64%)

TOTAL REVENUES	\$417,250	\$273,000	(\$144,250)	(34.57%)
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EXPENDITURES:

FIXED ASSETS

8500 Land	\$0	\$0	\$0	N/A
8510 Building / Improvement	1,680,000	2,997,250	1,317,250	78.41%
9142 Capital Replacement Program	200,000	200,000	0	0.00%
9199 Rebudget - Bldg / Impr	0	0	0	N/A
Subtotal Fixed Assets	\$1,880,000	\$3,197,250	\$1,317,250	70.07%

TOTAL EXPENDITURES	\$1,880,000	\$3,197,250	\$1,317,250	70.07%
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TOTAL NET COST	\$1,462,750	\$2,924,250	\$1,461,500	99.91%
<i>(Expenditures Minus Revenues)</i>				

FY 2005-06 BUDGET

CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Russian River CSD - Construction

Character Title: Use of Money

Character No.: 652305-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$500,000
Projected Interest Rate	<u>2.50%</u>
Projected/Planned Interest on Pooled Cash	\$12,500

Character Title: Administrative Control Account

Character No.: 652305-42

4200 ENT - LTD Proceeds

This account will record the anticipated receipt of \$2,000,000 from the State Water Resources Control Board Revolving Loan Program for the Equalization Basin project. If the loan is not approved this project will be rescheduled in the next fiscal year.

4209 ENT - LTD Proceeds - Clearing

This is the clearing account for sub-object 4200

4220 Contributed Capital

For FY 05-06 no grants will be received.

4229 Contributed Capital - Clearing

This is the clearing account for sub-object 4220.

Character Title: Other Financing Sources

Character No.: 652305-46

4625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Construction Fund to finance the Capital Replacement Program. This transfer also includes the annual contribution to the Wastewater Capital Reserve Fund required by the State Revolving Fund loan received in February 2004. The amount added to the Capital Reserve Fund each year is \$20,500 (.5% of the final loan amount of approximately \$4,100,000). This transfer will occur each year during the first 10 years of the loan. Interest earned on the Reserve Fund shall remain in the fund. The schedule for transfers to the Reserve Fund is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Balance</u>	<u>Pooled Rate</u>	<u>Fund Balance</u>
04-05	\$20,500	\$20,500	\$1,025	\$21,525
05-06	20,500	41,000	3,075	44,075
06-07	20,500	61,500	6,150	67,650
07-08	20,500	82,000	10,250	92,250
08-09	20,500	102,500	15,375	117,875
09-10	20,500	123,000	21,525	144,525
10-11	20,500	143,500	28,700	172,200
11-12	20,500	164,000	36,900	200,900
12-13	20,500	184,500	46,125	230,625
13-14	20,500	205,000	56,375	261,375

4625 OT - W/in Special Dist - BOS (Continued)

Funds held in the Reserve Fund may be used for capital improvements. If used, the District must replace the expended funds at a rate of 10 percent per year. If the Operations Fund does not have sufficient cash available finance planned capital projects, the transfer to the Construction Fund will be limited to the amount required for the Wastewater Capital Reserve Fund. Any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

NOTE; In order to comply with the State Revolving Fund loan requirements, the ending fund balance of the RRCSD Construction Fund shall not fall below the required balance for the Wastewater Capital Reserve Fund to any given year during the 20 year term of the loan.

8500 Land

No funds are requested for FY 05-06 budget.

8510 Buildings / Improvements

This account can be used to provide capacity to new users pursuant to the County General Plan (using connection fee revenue), as well as for treatment plant and reclamation system improvement projects.

The following Plant/Reclamation Improvement Projects are planned for FY 05-06

	<u>PCAS No.</u>	<u>Amount</u>
EIR - Disposal Irrigation	TBD	50,000
Electrical Upgrades	TBD	202,250
Equalization Basin	TBD	2,000,000
Chlorine Contact Basin	TBD	745,000

Subtotal for Buildings / Improvements (Sub-object 8510) \$ 2,997,250

9142 Capital Replacement Program

TBD \$ 200,000

This requested amount is intended to fund repair and replacement of the sewer collection system. Long-term replacement of existing facilities that are worn out and in disrepair will help to bring the facilities up to current sanitation standards and will extend the life of the sanitation infrastructure.

Subtotal for Capital Replacement Program (Sub-object 9142) \$ 200,000

Grand Total - Character 85 \$ 3,197,250

FY 2005-06 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation

Section: Russian River CSD - Construction

Index No.: 652305

DESCRIPTION OF FUND ACTIVITY	Actual FY 03-04	Estimated FY 04-05	Requested FY 05-06
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$1,039,317	(\$1,835,154)	\$2,150,687
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	969,146	665,685	273,000
Expenditures - (Decrease) retained earnings	(2,599,616)	(2,000,000)	(3,197,250)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	(1,630,470)	(1,334,315)	(2,924,250)
Adjustments to Reserves/Encumbrances:			
Capitalized Interest	(72,275)	-	-
Change in Encumbrances	(1,159,207)	-	-
Adjustment PY CIP	-	-	-
Adjustment Ordinance 39 Receivable	(12,519)	-	-
Adjustment Audit - Receivable	-	-	-
PY Encumbrance	-	1,233,185	-
4200 LTD Proceeds	-	4,086,971	2,000,000
Net Adjustment - Increase/(Decrease) to Retained Earnings	(1,244,001)	5,320,156	2,000,000
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	(\$1,835,154)	\$2,150,687	\$1,226,437
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	(\$2,874,471)	\$3,985,841	(\$924,250)

<u>Retained Earnings Components at Beginning of FY</u>	<u>7/1/03</u>	<u>7/1/04</u>
Cash	\$958,289	(\$217,834)
Other Receivables	155,006	169,710
Accounts Payable	-	(553,845)
Encumbrances (Contract)	(73,978)	(1,233,185)
Total Beginning Retained Earnings	\$1,039,317	(\$1,835,154)